

Message Text

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PAGE 01 PEKING 01386 160416Z

ACTION EA-12

INFO OCT-01 ISO-00 SOE-02 AID-05 CEA-01 CIAE-00
COME-00 DODE-00 EB-08 DOE-15 H-01 INR-10 INT-05
L-03 NSAE-00 NSC-05 OMB-01 PM-05 ICA-11 OES-07
SP-02 SS-15 STR-07 TRSE-00 ACDA-12 /128 W
-----109389 160542Z /15

R 160345Z MAY 78

FM USLO PEKING

TO SECSTATE WASHDC 0733

INFO AMCONSUL HONG KONG

AMEMBASSY SINGAPORE

AMEMBASSY TAIPEI

AMEMBASSY TOKYO

C O N F I D E N T I A L PEKING 1386

E.O. 11652: GDS

TAGS: EARL EEWT ENRG CH US

SUBJ: SALE OF OFFSHORE OIL RIGS TO PRC

1. MARATHON LETOURNEAU HAS SOLD TWO JACK-UP DRILLING RIGS TO THE PRC FOR DELIVERY IN MARCH 1980. THE RIGS WILL BE BUILT IN MARATHON'S SINGAPORE YARD AND WILL USE MOSTLY US ORIGIN EQUIPMENT. THEY CAN OPERATE TO A MAXIMUM DEPTH OF 250 FEET OF WATER AND ARE LIKELY TO BE USED IN THE POHAI GULF.

2. GEORGE MORRIS, PRESIDENT, MARATHON LETOURNEAU OFFSHORE PTS. LTD., TOLD USLO MAY 12 THAT MARATHON HAD BEEN ABLE TO OFFER A CONSIDERABLE DISCOUNT BECAUSE MACHIMPEX WAS WILLING TO PAY CASH IN ADVANCE OF DELIVERY. MORRIS SAID HE WILL RECEIVE 85 PERCENT OF THE PRICE, IN CASH, BEFORE HE EVEN BEGINS TO CONSTRUCT THE RIGS IN FEB OR MARCH OF 1979. MORRIS DID NOT REVEAL PRICE.

3. OTHER OILFIELD EQUIPMENT TRADERS IN PEKING BELIEVE
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THAT PRICE WAS THE MOST IMPORTANT FACTOR IN THE MARATHON DEAL, AND THAT MARATHON RIGS, WHICH HAVE THREE LEGS RATHER THAN FOUR, ARE LESS EXPENSIVE THAN OTHERS. KNOWLEDGEABLE TRADERS ALSO BELIEVE THAT THE PRC IS STILL IN THE MARKET FOR AT LEAST ONE AND POSSIBLE TWO MORE JACK-UP RIGS.

4. MARATHON WILL PROBABLY ANNOUNCE THIS SALE DURING THE WEEK.
UNTIL SUCH AN ANNOUNCEMENT THIS INFORMATION SHOULD NOT BE
DISCUSSED OUTSIDE THE US GOVERNMENT.
WOODCOCK

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NNN

Message Attributes

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